

# O'HANLON, MCCOLLOM & DEMERATH

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CERTIFIED, LABOR AND EMPLOYMENT  
TEXAS BOARD OF LEGAL SPECIALIZATION

**JUSTIN DEMERATH**

February 28, 2017

Local Government Assistance & Economic Analysis  
Texas Comptroller of Public Accounts  
P.O. Box 13528  
Austin, Texas 78711-3528

RE: Amended Application to the Alpine Independent School District from Hecate Energy Brewster LLC

**(First Qualifying Year 2017, First Value Limitation Year 2017)**

To the Local Government Assistance & Economic Analysis Division:

On May 18, 2016, the Alpine ISD and Hecate Energy Brewster LLC ("Hecate") entered into an Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes. That Agreement assumed that the project would commence commercial operations in 2016 and subsequently begin the value limitation period in 2017. The power purchase agreement that had been negotiated for the project was transferred to a different company, and Hecate has undertaken no development of the project on the area set forth in the Original Application. The company has applied to amend the previously approved agreement to reflect that commercial operations is now planned to commence December 2018 and to move the start of the limitation period until 2019. This change does not alter the length of time of the qualifying time period set forth in the original application.

A copy of the amended application will be submitted to the Brewster County Appraisal District.

Sincerely,



Kevin O'Hanlon  
School District Consultant

Letter to Local Government Assistance & Economic Analysis Division  
February 28, 2017  
Page 2 of 2

Cc: Brewster County Appraisal District  
Hecate Energy Brewster LLC

## Form 50-296-A

1. Application approval by school board .....	_____	July 2018
2. Commencement of construction .....	_____	
3. Beginning of qualifying time period .....	_____	
4. First year of limitation .....	_____	2019
5. Begin hiring new employees .....	_____	January 2019
6. Commencement of commercial operations .....	_____	December 2018
7. Do you propose to construct a new building or to erect or affix a new improvement after your application review start date ( <i>date your application is finally determined to be complete</i> )? .....	<input type="checkbox"/> Yes <input type="checkbox"/> No	
<b>Note:</b> Improvements made before that time may not be considered qualified property.		
8. When do you anticipate the new buildings or improvements will be placed in service? .....	_____	December 2018

1. Identify county or counties in which the proposed project will be located \_\_\_\_\_
2. Identify Central Appraisal District (CAD) that will be responsible for appraising the property \_\_\_\_\_
3. Will this CAD be acting on behalf of another CAD to appraise this property? ..... ☐ Yes ☐ No
4. List all taxing entities that have jurisdiction for the property, the portion of project within each entity and tax rates for each entity:  

County: _____ <i>(Name, tax rate and percent of project)</i>	City: _____ <i>(Name, tax rate and percent of project)</i>
Hospital District: _____ <i>(Name, tax rate and percent of project)</i>	Water District: _____ <i>(Name, tax rate and percent of project)</i>
Other (describe): _____ <i>(Name, tax rate and percent of project)</i>	Other (describe): _____ <i>(Name, tax rate and percent of project)</i>
5. Is the project located entirely within the ISD listed in Section 1? ..... ☐ Yes ☐ No
  - 5a. If no, attach in **Tab 6** additional information on the project scope and size to assist in the economic analysis.
6. Did you receive a determination from the Texas Economic Development and Tourism Office that this proposed project and at least one other project seeking a limitation agreement constitute a single unified project (SUP), as allowed in §313.024(d-2)? ..... ☐ Yes ☐ No
  - 6a. If yes, attach in **Tab 6** supporting documentation from the Office of the Governor.

**NOTE:** The minimum amount of qualified investment required to qualify for an appraised value limitation and the minimum amount of appraised value limitation vary depending on whether the school district is classified as Subchapter B or Subchapter C, and the taxable value of the property within the school district. For assistance in determining estimates of these minimums, access the Comptroller's website at [www.texasahead.org/tax\\_programs/chapter313/](http://www.texasahead.org/tax_programs/chapter313/).

1. At the time of application, what is the estimated minimum qualified investment required for this school district? . . . . . \_\_\_\_\_
2. What is the amount of appraised value limitation for which you are applying? . . . . . \_\_\_\_\_
- Note:** The property value limitation amount is based on property values available at the time of application and may change prior to the execution of any final agreement.
3. Does the qualified investment meet the requirements of Tax Code §313.021(1)? . . . . . ☐ Yes ☐ No
4. Attach a description of the qualified investment [See §313.021(1).] The description must include:
- a. a specific and detailed description of the qualified investment you propose to make on the property for which you are requesting an appraised value limitation as defined by Tax Code §313.021 (**Tab 7**);
  - b. a description of any new buildings, proposed new improvements or personal property which you intend to include as part of your minimum qualified investment (**Tab 7**); and
  - c. a detailed map of the qualified investment showing location of tangible personal property to be placed in service during the qualifying time period and buildings to be constructed during the qualifying time period, with vicinity map (**Tab 11**).
5. Do you intend to make at least the minimum qualified investment required by Tax Code §313.023 (or §313.053 for Subchapter C school districts) for the relevant school district category during the qualifying time period? . . . . . ☐ Yes ☐ No

Applicant Name Hecate Energy Brewster  
ISD Name Alpine ISD

PROPERTY INVESTMENT AMOUNTS								
(Estimated Investment in each year. Do not put cumulative totals.)								
				Column A	Column B	Column C	Column D	Column E
	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year below) YYYY	New investment (original cost) in <b>tangible personal property</b> placed in service during this year that will become Qualified Property	New investment made during this year in <b>buildings or permanent nonremovable components of buildings</b> that will become Qualified Property	Other new investment made during this year that will <u>not</u> become Qualified Property [SEE NOTE]	Other new investment made during this year that may become Qualified Property [SEE NOTE]	<b>Total Investment</b> (Sum of Columns A+B+C+D)
Investment made before filing complete application with district	2015	2015-2016	2015	Not eligible to become Qualified Property			[The only other investment made before filing complete application with district that may become Qualified Property is land.]	\$0
Investment made after filing complete application with district, but before final board approval of application				\$0	\$0	\$0	\$0	0
Investment made after final board approval of application and before Jan. 1 of first complete tax year of qualifying time period	2016	2016-2017	2016	\$0.00	\$0	\$0	\$0	\$0.00
Complete tax years of qualifying time period	QTP1	2017-2018	2017	\$0.00	\$0	\$0	\$0	\$0.00
	QTP2	2018-2019	2018	\$65,000,000.00	\$0	\$0	\$0	\$65,000,000.00
<b>Total Investment through Qualifying Time Period [ENTER this row in Schedule A2]</b>				\$65,000,000.00	\$0	\$0	\$0	\$65,000,000.00
				Enter amounts from TOTAL row above in Schedule A2				
<b>Total Qualified Investment (sum of green cells)</b>				\$65,000,000.00				

For All Columns: List amount invested each year, not cumulative totals.

Column A: This represents the total dollar amount of planned investment in tangible personal property. Only include estimates of investment for "replacement" property if the property is specifically described in the application.

Only tangible personal property that is specifically described in the application can become qualified property.

Column B: The total dollar amount of planned investment each year in buildings or nonremovable component of buildings.

Column C: Dollar value of other investment that may affect economic impact and total value. Examples of other investment that will not become qualified property include investment meeting the definition of 313.021(1) but not creating a new improvement as defined by TAC 9.1051. This is proposed property that functionally replaces existing property; is used to maintain, refurbish, renovate, modify or upgrade existing property; or is affixed to existing property—described in SECTION 13, question #5 of the application.

Column D: Dollar value of other investment that may affect economic impact and total value. Examples of other investment that may result in qualified property are land or professional services.

Total Investment: Add together each cell in a column and enter the sum in the blue total investment row. Enter the data from this row into the first row in Schedule A2.

Qualified Investment: For the green qualified investment cell, enter the sum of all the green-shaded cells.

Schedule A2: Total Investment for Economic Impact (including Qualified Property and other investments)

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2-28-17

PROPERTY INVESTMENT AMOUNTS								
(Estimated Investment in each year. Do not put cumulative totals.)								
				Column A	Column B	Column C	Column D	Column E
	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year below) YYYY	New investment (original cost) in <b>tangible personal property</b> placed in service during this year that will become Qualified Property	New investment made during this year in <b>buildings or permanent nonremovable components of buildings</b> that will become Qualified Property	Other investment made during this year that will <u>not</u> become Qualified Property [SEE NOTE]	Other investment made during this year that will become Qualified Property (SEE NOTE)	Total Investment (A+B+C+D)
Total Investment from Schedule A1*	--	TOTALS FROM SCHEDULE A1		Enter amounts from TOTAL row in Schedule A1 in the row below				
				\$65,000,000.00	\$0	\$0	\$0	\$65,000,000.00
Each year prior to start of value limitation period**	0	2015-2016	2015	\$0	\$0	\$0	\$0	\$0
Each year prior to start of value limitation period**	0	2016-2017	2016	\$0	\$0	\$0	\$0	\$0
Each year prior to start of value limitation period**	0	2017-2018	2017	\$0	\$0	\$0	\$0	\$0
Each year prior to start of value limitation period**	0	2018-2019	2018	\$65,000,000.00	\$0	\$0	\$0	\$65,000,000.00
Value limitation period***	1	2019-2020	2019	\$0.00	\$0	\$0	\$0	\$0.00
	2	2020-2021	2020	\$0.00	\$0	\$0	\$0	\$0.00
	3	2021-2022	2021	\$0.00	\$0	\$0	\$0	\$0.00
	4	2022-2023	2022	\$0.00	\$0	\$0	\$0	\$0.00
	5	2023-2024	2023	\$0.00	\$0	\$0	\$0	\$0.00
	6	2024-2025	2024	\$0.00	\$0	\$0	\$0	\$0.00
	7	2025-2026	2025	\$0.00	\$0	\$0	\$0	\$0.00
	8	2026-2027	2026	\$0.00	\$0	\$0	\$0	\$0.00
	9	2027-2028	2027	\$0.00	\$0	\$0	\$0	\$0.00
	10	2028-2029	2028	\$0.00	\$0	\$0	\$0	\$0.00
Total Investment made through limitation				\$65,000,000	\$0	\$0	\$0	\$65,000,000
Continue to maintain viable presence	11	2029-2030	2029			\$5,500,000		\$8,500,000
	12	2030-2031	2030			\$0		\$0
	13	2031-2032	2031			\$0		\$0
	14	2032-2033	2032			\$0		\$0
	15	2033-2034	2033			\$5,000,000		\$5,000,000
Additional years for 25 year economic impact as required by 313.026(c)(1)	16	2034-2035	2034			\$0		\$0
	17	2035-2036	2035			\$0		\$0
	18	2036-2037	2036			\$0		\$0
	19	2037-2038	2037			\$0		\$0
	20	2038-2039	2038			\$0		\$0
	21	2039-2040	2039			\$0		\$0
	22	2040-2041	2040			\$0		\$0
	23	2041-2042	2041			\$0		\$0
	24	2042-2043	2042			\$0		\$0
	25	2043-2044	2043			\$0		\$0

\* All investments made through the qualifying time period are captured and totaled on Schedule A1 [blue box] and incorporated into this schedule in the**first row**.

\*\* Only investment made during deferrals of the start of the limitation (after the end of qualifying time period but before the start of the Value Limitation Period) should be included in the "year prior to start of value limitation period" row(s). If the limitation starts at the end of the qualifying time period or the qualifying time period overlaps the limitation, no investment should be included on this line.

\*\*\* If your qualifying time period will overlap your value limitation period, do not also include investment made during the qualifying time period in years 1 and/or 2 of the value limitation period, depending on the overlap. Only include investments/years that were**not** captured on Schedule A1.

For All Columns: List amount invested each year, not cumulative totals. Only include investments in the remaining rows of Schedule A2 that were not captured on Schedule A1.

Column A: This represents the total dollar amount of planned investment in tangible personal property. Only include estimates of investment for "replacement" property if the property is specifically described in the application.  
Only tangible personal property that is specifically described in the application can become qualified property.

Column B: The total dollar amount of planned investment each year in buildings or nonremovable component of buildings.

Column C: Dollar value of other investment that may affect economic impact and total value. Examples of other investment that will not become qualified property include investment meeting the definition of 313.021(1) but not creating a new improvement as defined by TAC 9.1051. This is proposed property that functionally replaces existing property; is used to maintain, refurbish, renovate, modify or upgrade existing property; or is affixed to existing property—described in SECTION 13, question #5 of the application.

Column D: Dollar value of other investment that may affect economic impact and total value. Examples of other investment that may result in qualified property are land or professional services.

	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year) YYYY	Qualified Property			Estimated Taxable Value		
				Estimated Market Value of Land	Estimated Total Market Value of new buildings or other new improvements	Estimated Total Market Value of tangible personal property in the new buildings or "in or on the new improvements"	Market Value less any exemptions (such as pollution control) and before limitation	Final taxable value for I&S after all reductions	Final taxable value for M&O after all reductions
Prior Years	0	2015-2016	2015	\$0	\$0	\$0	\$0	\$0	\$0
Prior Years	0	2018-2019	2016	\$0	\$0	\$0	\$0	\$0	\$0
Prior Years	0	2017-2018	2017	\$0	\$0	\$0	\$0	\$0	\$0
Prior Years	0	2018-2019	2018	\$0	\$0	\$0	\$0	\$0	\$0
Value Limitation Period	1	2019-2020	2019	\$0	\$65,000,000.00	\$0	\$65,000,000.00	\$65,000,000.00	\$20,000,000.00
	2	2020-2021	2020	\$0	\$55,250,000.00	\$0	\$55,250,000.00	\$55,250,000.00	\$20,000,000.00
	3	2021-2022	2021	\$0	\$46,962,500.00	\$0	\$46,962,500.00	\$46,962,500.00	\$20,000,000.00
	4	2022-2023	2022	\$0	\$39,918,125.00	\$0	\$39,918,125.00	\$39,918,125.00	\$20,000,000.00
	5	2023-2024	2023	\$0	\$33,930,406.25	\$0	\$33,930,406.25	\$33,930,406.25	\$20,000,000.00
	6	2024-2025	2024	\$0	\$28,840,845.31	\$0	\$28,840,845.31	\$28,840,845.31	\$20,000,000.00
	7	2025-2026	2025	\$0	\$24,514,718.52	\$0	\$24,514,718.52	\$24,514,718.52	\$20,000,000.00
	8	2026-2027	2026	\$0	\$20,837,510.74	\$0	\$20,837,510.74	\$20,837,510.74	\$20,000,000.00
	9	2027-2028	2027	\$0	\$17,711,884.13	\$0	\$17,711,884.13	\$17,711,884.13	\$20,000,000.00
	10	2028-2029	2028	\$0	\$15,055,101.51	\$0	\$15,055,101.51	\$15,055,101.51	\$20,000,000.00
Continue to maintain viable presence	11	2029-2030	2029	\$0	\$13,000,000.00	\$0	\$13,000,000.00	\$13,000,000.00	\$13,000,000.00
	12	2030-2031	2030	\$0	\$13,000,000.00	\$0	\$13,000,000.00	\$13,000,000.00	\$13,000,000.00
	13	2031-2032	2031	\$0	\$13,000,000.00	\$0	\$13,000,000.00	\$13,000,000.00	\$13,000,000.00
	14	2032-2033	2032	\$0	\$13,000,000.00	\$0	\$13,000,000.00	\$13,000,000.00	\$13,000,000.00
	15	2033-2034	2033	\$0	\$13,000,000.00	\$0	\$13,000,000.00	\$13,000,000.00	\$13,000,000.00
Additional years for 25 year economic impact as required by 313.026(c)(1)	16	2034-2035	2034	\$0	\$13,000,000.00	\$0	\$13,000,000.00	\$13,000,000.00	\$13,000,000.00
	17	2035-2036	2035	\$0	\$13,000,000.00	\$0	\$13,000,000.00	\$13,000,000.00	\$13,000,000.00
	18	2036-2037	2036	\$0	\$13,000,000.00	\$0	\$13,000,000.00	\$13,000,000.00	\$13,000,000.00
	19	2037-2038	2037	\$0	\$13,000,000.00	\$0	\$13,000,000.00	\$13,000,000.00	\$13,000,000.00
	20	2038-2039	2038	\$0	\$13,000,000.00	\$0	\$13,000,000.00	\$13,000,000.00	\$13,000,000.00
	21	2039-2040	2039	\$0	\$13,000,000.00	\$0	\$13,000,000.00	\$13,000,000.00	\$13,000,000.00
	22	2040-2041	2040	\$0	\$13,000,000.00	\$0	\$13,000,000.00	\$13,000,000.00	\$13,000,000.00
	23	2041-2042	2041	\$0	\$13,000,000.00	\$0	\$13,000,000.00	\$13,000,000.00	\$13,000,000.00
	24	2042-2043	2042	\$0	\$13,000,000.00	\$0	\$13,000,000.00	\$13,000,000.00	\$13,000,000.00
	25	2043-2044	2043	\$0	\$13,000,000.00	\$0	\$13,000,000.00	\$13,000,000.00	\$13,000,000.00

Notes: Market value in future years is good faith estimate of future taxable value for the purposes of property taxation.  
Only include market value for eligible property on this schedule.

Schedule C: Employment Information

Applicant Name

Hecate Energy Brewster LLC

ISD Name

Alpine ISD

Form 50-296A

Revised Feb 2014

				Construction		Non-Qualifying Jobs	Qualifying Jobs	
				Column A	Column B	Column C	Column D	Column E
	Year	School Year (YYYY-YYYY)	Tax Year (Actual tax year)	Number of Construction FTE's or man-hours (specify)	Average annual wage rates for construction workers	Number of non-qualifying jobs applicant estimates it will create (cumulative)	Number of new qualifying jobs applicant commits to create meeting all criteria of Sec. 313.021(3) (cumulative)	Average annual wage of new qualifying jobs
Prior Years	0	2015-2016	2015	an	N/A	0	0	N/A
Prior Years	0	2016-2017	2016	0	N/A	0	0	N/A
Prior Years	0	2017-2018	2017	0	N/A	0	0	N/A
Prior Years	0	2018-2019	2018	200 FTE avg; 450 FTE peak	\$37,534.00	0	0	N/A
Value Limitation Period <small>The qualifying time period could overlap the value limitation period.</small>	1	2019-2020	2019	0	N/A	0	1	\$42,000.00
	2	2020-2021	2020	0	N/A	0	1	\$42,000.00
	3	2021-2022	2021	0	N/A	0	1	\$42,000.00
	4	2022-2023	2022	0	N/A	0	1	\$42,000.00
	5	2023-2024	2023	0	N/A	0	1	\$42,000.00
	6	2024-2025	2024	0	N/A	0	1	\$42,000.00
	7	2025-2026	2025	0	N/A	0	1	\$42,000.00
	8	2026-2027	2026	0	N/A	0	1	\$42,000.00
	9	2027-2028	2027	0	N/A	0	1	\$42,000.00
	10	2028-2029	2028	0	N/A	0	1	\$42,000.00
Years Following Value Limitation Period	11 through 25	2029-2043	2029-2043	0	N/A	0	1	\$42,000.00

Notes: See TAC 9.1051 for definition of non-qualifying jobs.  
Only include jobs on the project site in this school district.

C1.

Are the cumulative number of qualifying jobs listed in Column D less than the number of qualifying jobs required by statute? (25 qualifying jobs in Subchapter B districts, 10 qualifying jobs in Subchapter C districts)

yx

Yes

No

If yes, answer the following two questions:

C1a.

Will the applicant request a job waiver, as provided under 313.025(f-1)?

y

Yes

No

C1b.

Will the applicant avail itself of the provision in 313.021(3)(F)?

Yes

n

No

Schedule D: Other Incentives (Estimated)

Applicant Name Hecate Energy Brewster LLC  
ISD Name Alpine ISD

Form 50-296A  
Revised Feb 2014

State and Local Incentives for which the Applicant intends to apply (Estimated)						
Incentive Description	Taxing Entity (as applicable)	Beginning Year of Benefit	Duration of Benefit	Annual Tax Levy without Incentive	Annual Incentive	Annual Net Tax Levy
Tax Code Chapter 311	County:					
	City:					
	Other:					
Tax Code Chapter 312	County: <b>Brewster County</b>	2019	2019-2028	\$93,408.00	\$47,892.00	\$45,516.00
	Other: <b>Big Bend Hosp</b>	2019	2019-2028	\$30,451.00	\$15,613.00	\$14,838.00
	Other:					
Local Government Code Chapters 380/381	Other:					
	Other:					
	County					
Freeport Exemptions						
Non-Annexation Agreements						
Enterprise Zone/Project						
Economic Development Corporation						
Texas Enterprise Fund						
Employee Recruitment						
Skills Development Fund						
Training Facility Space and Equipment						
Infrastructure Incentives						
Permitting Assistance						
Other:						
Other:						
Other:						
Other:						
TOTAL				\$123,859.00	\$63,505.00	\$60,354.00

Additional information on incentives for this project: 25 Year Average was used to adjust for depreciation of facility





# Application for Appraised Value Limitation on Qualified Property

## SECTION 16: Authorized Signatures and Applicant Certification

After the application and schedules are complete, an authorized representative from the school district and the business should review the application documents and complete this authorization page. Attach the completed authorization page in Tab 17. NOTE: If you amend your application, you will need to obtain new signatures and resubmit this page, Section 16, with the amendment request.

### 1. Authorized School District Representative Signature

I am the authorized representative for the school district to which this application is being submitted. I understand that this application is a government record as defined in Chapter 37 of the Texas Penal Code.

print here Becky Watley Title Superintendent  
sign here [Signature] Date 2.28.2017  
Print Name (Authorized School District Representative)  
Signature (Authorized School District Representative)

### 2. Authorized Company Representative (Applicant) Signature and Notarization

I am the authorized representative for the business entity for the purpose of filing this application. I understand that this application is a government record as defined in Chapter 37 of the Texas Penal Code. The information contained in this application and schedules is true and correct to the best of my knowledge and belief.

I hereby certify and affirm that the business entity I represent is in good standing under the laws of the state in which the business entity was organized and that no delinquent taxes are owed to the State of Texas.

print here Chris Bullinger Title Managing Member  
sign here [Signature] Date 12/7/16  
Print Name (Authorized Company Representative (Applicant))  
Signature (Authorized Company Representative (Applicant))



GIVEN under my hand and seal of office this, the

7<sup>th</sup> day of December 2016

Julie J. Rintal  
Notary Public in and for the State of Georgia

My Commission expires: 1/24/17

If you make a false statement on this application, you could be found guilty of a Class A misdemeanor or a state jail felony under Texas Penal Code Section 37.10.